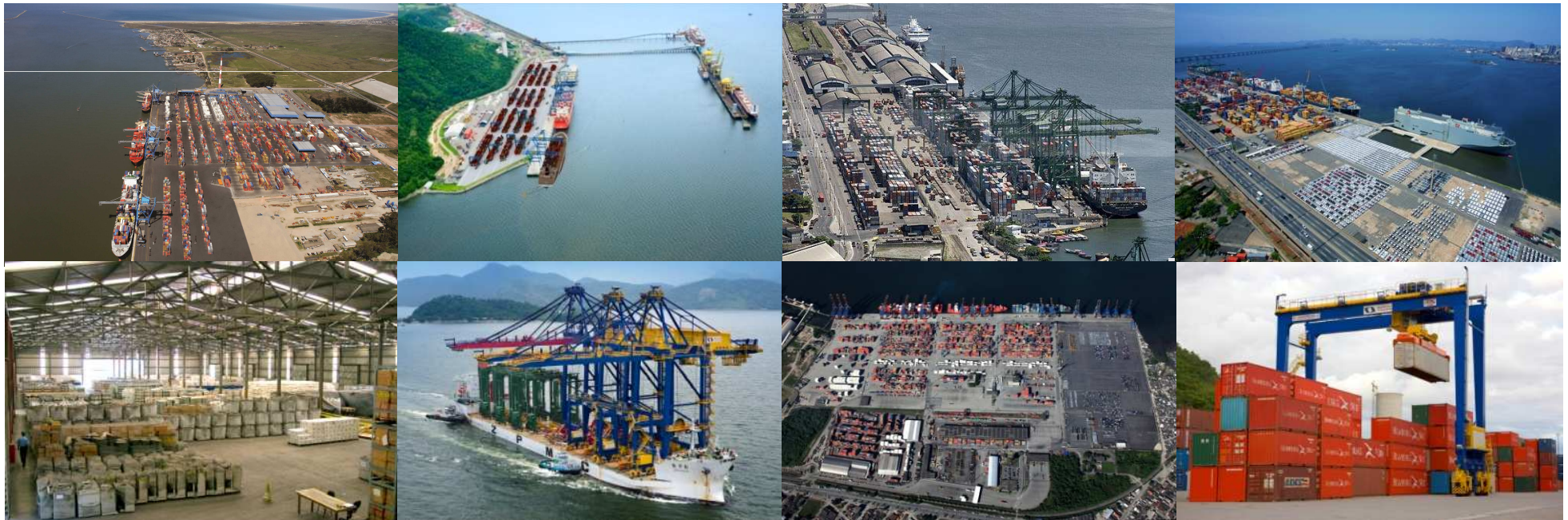




Presentation to Mr. Ray H. LaHood U.S. Secretary of Transportation



Private operators expand Brazilian ports

Port of Rio de Janeiro
April 16th 2010





Private operators expand Brazilian ports

1. General overview

2. Brief history

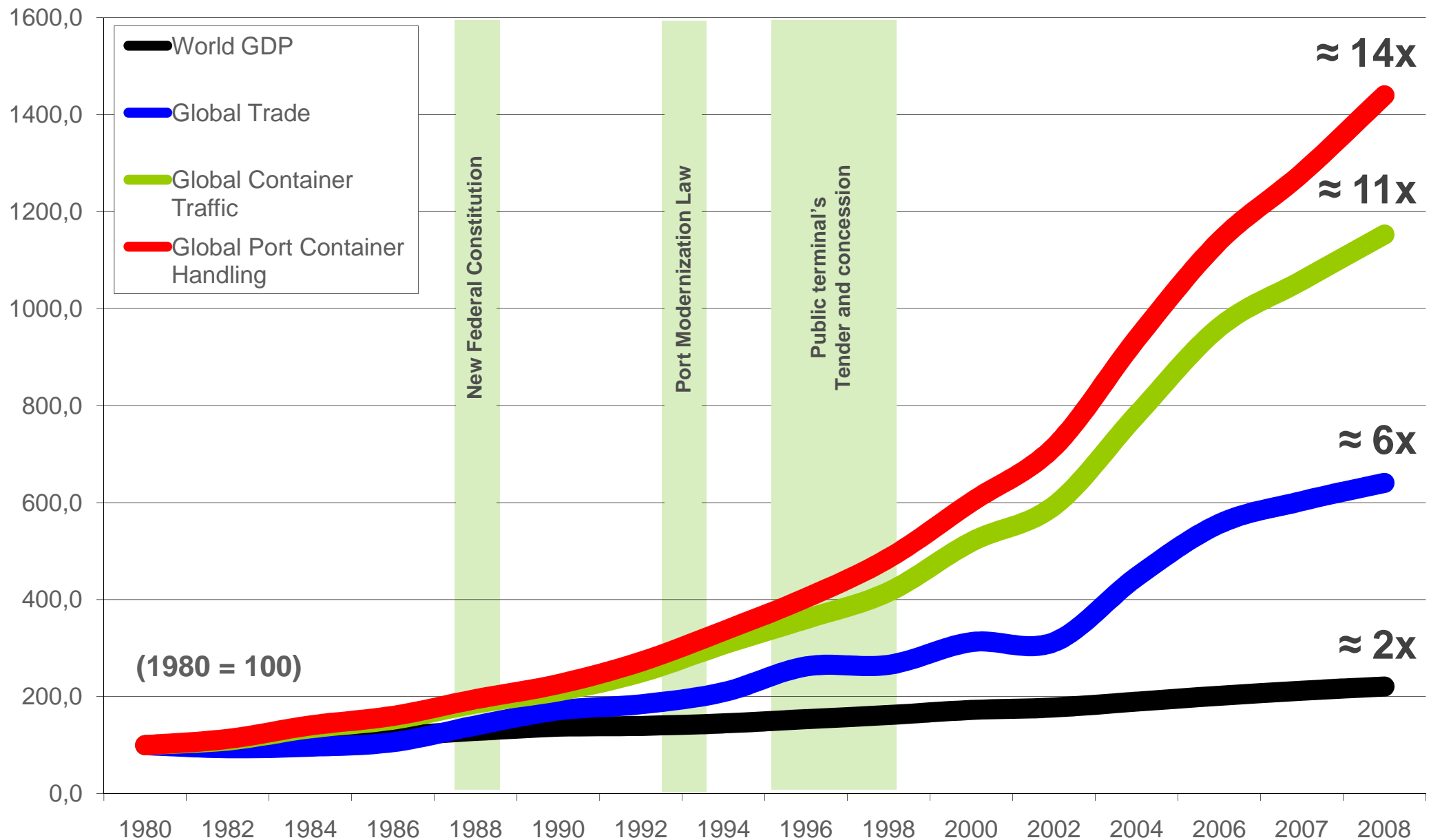
3. Challenges ahead

4. Conclusion

Appendix: Regulatory framework

The box - “turbine” of globalization

Brazil embraced containerization in the mid 90's

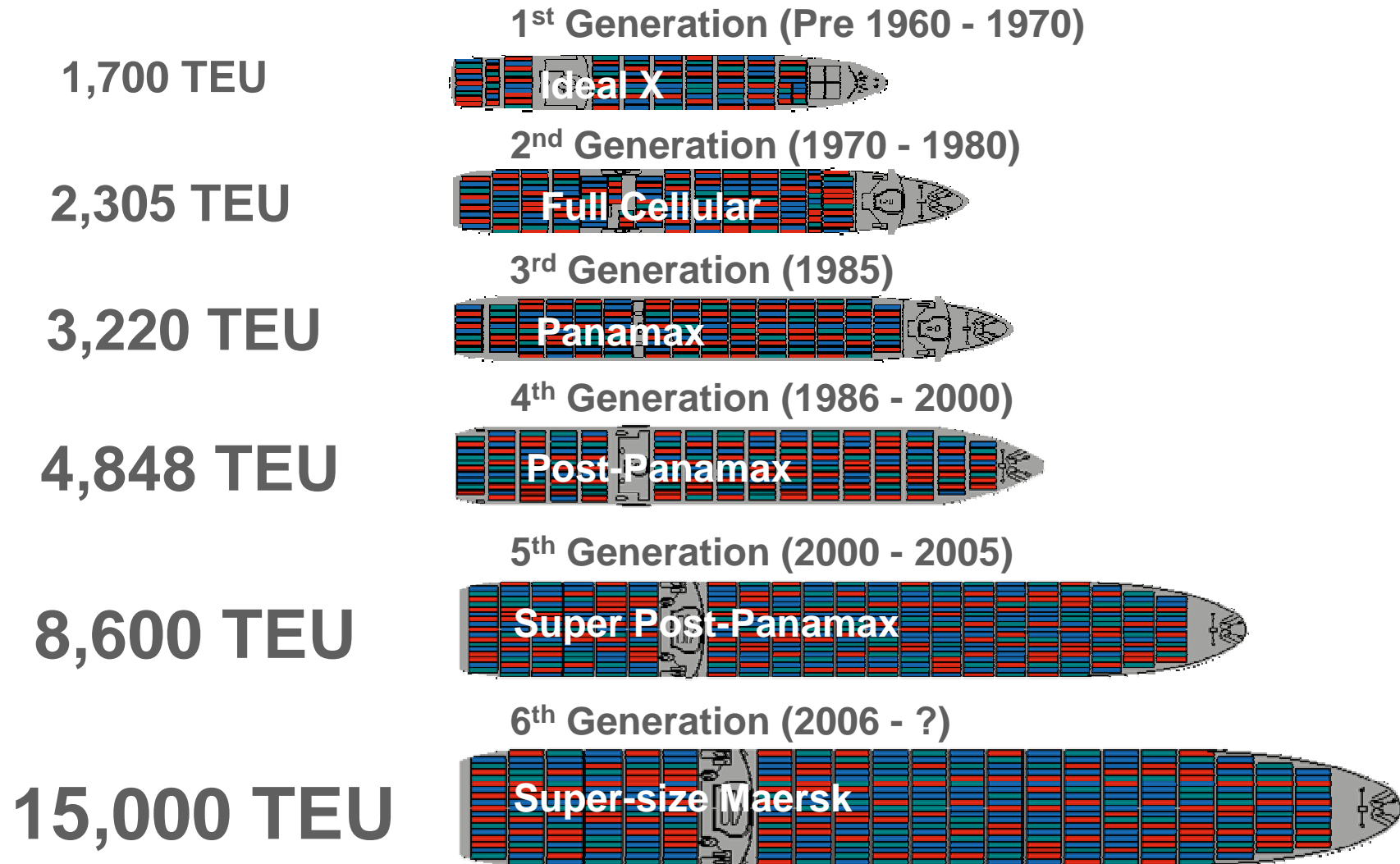


Source: WTO, IMF, Drewry Shipping Consultants, Baltic Maritime Advisers



(R)Evolution of container vessels

Economies of scale drive vessel growth



Mega-vessels demand super-ports

**11 portainers deliver unprecedented port productivity
to 22 rows of containers**



M/S Emma Maersk

Length 397m • Beam 56m • Draft 15.5m
Capacity 15,000 TEU • DWT 170,974 • Crew 13
Cruising speed 31 knots

Brazilian ports ready for 5th generation vessels

**3.3 portainers deliver record productivity of 104 mph
to 17 rows of containers at TECON Santos**



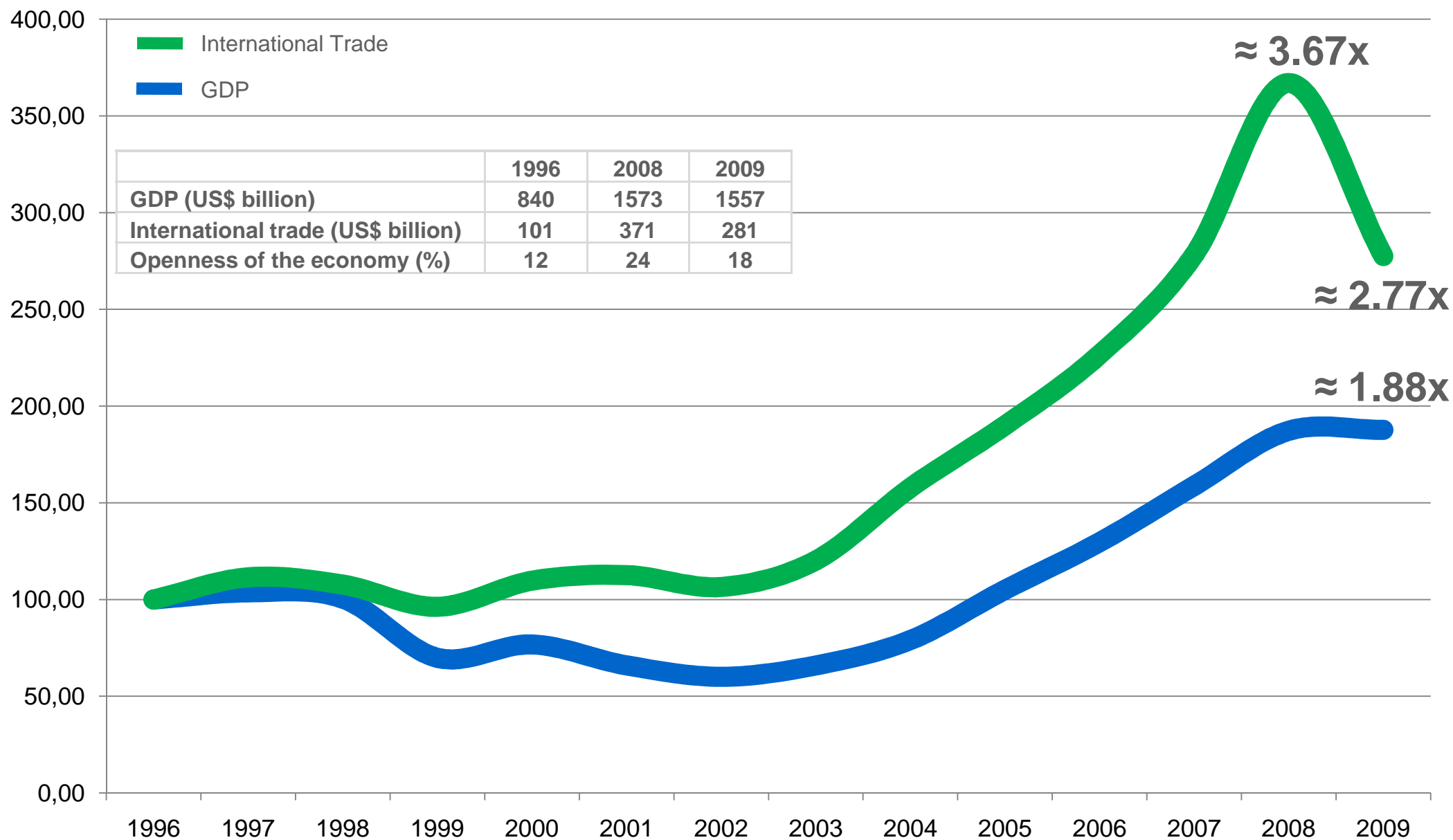
M/S Monte Cervantes

Length 300m • Beam 43m • Draft 13.5m

Capacity 7,090 TEU • DWT 76,830

Cruising speed 22.2 knots

Port reform enables greater “openness” of our economy





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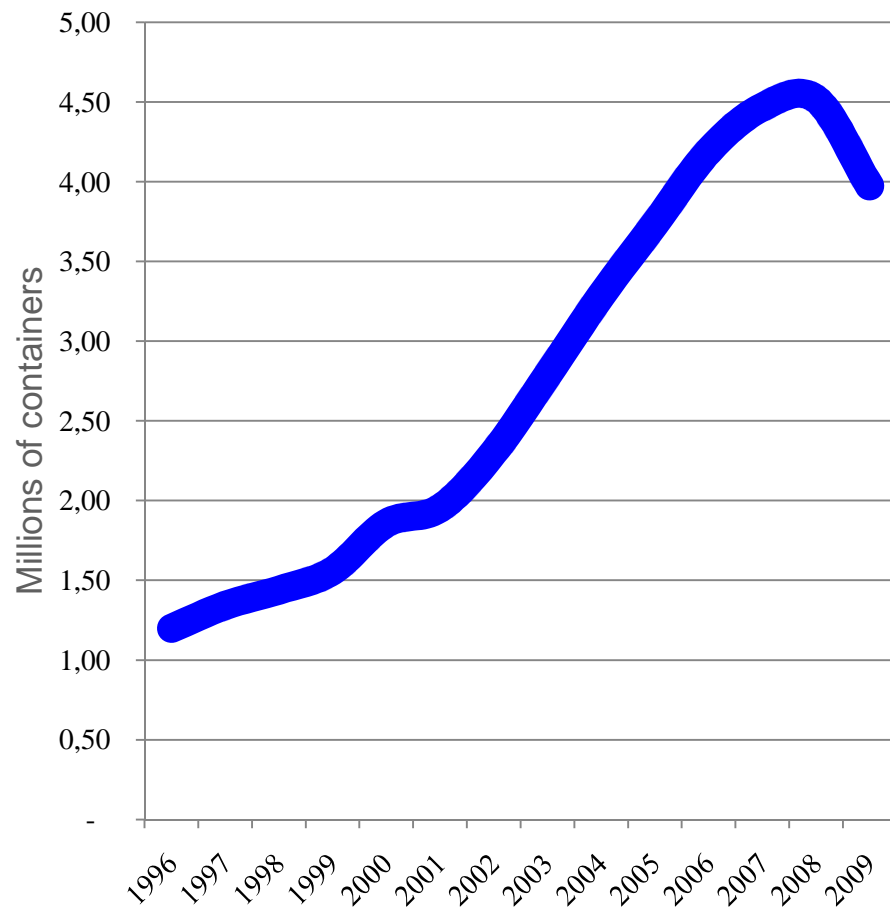
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Appendix: Regulatory framework

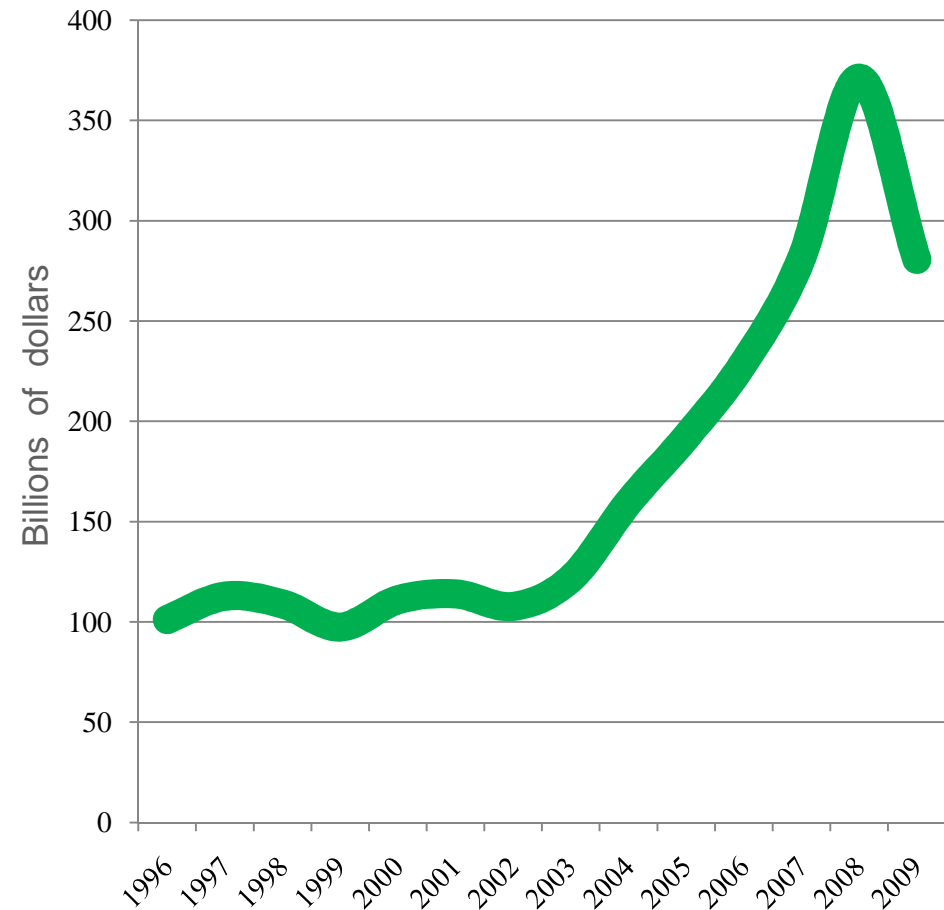
Brazilian container terminals quadrupled throughput

Trade flow rises from US\$100 billion to US\$370 billion in 2008

Container throughput



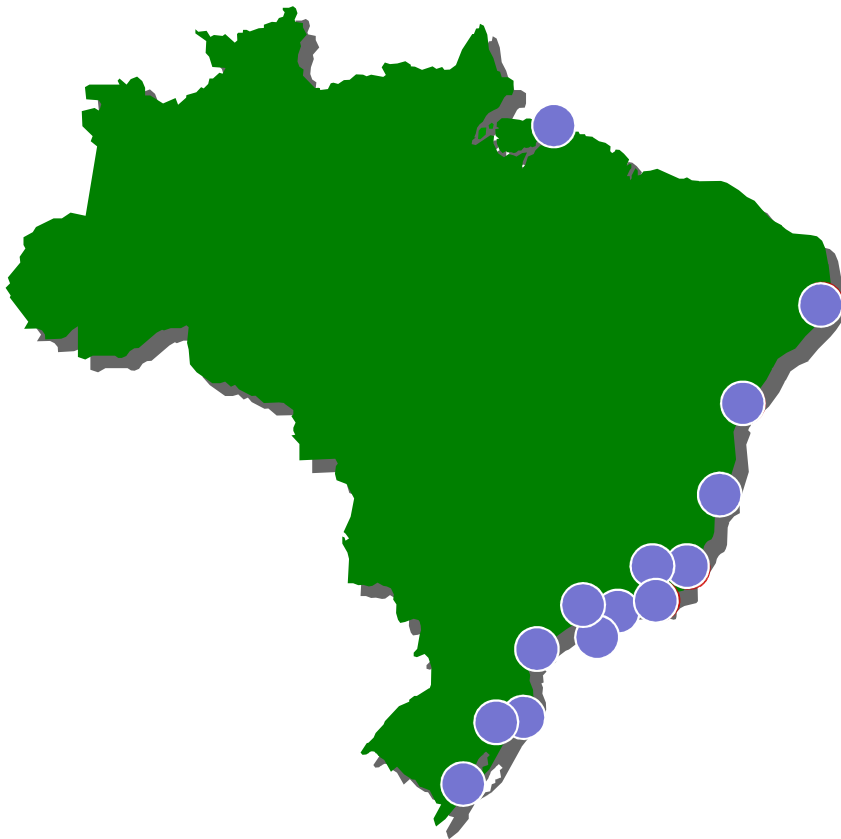
International trade flow



Source: ABRATEC e BACEN

Over US\$2 billion invested in 14 container terminals

Private operators' investments revert
to the Federal Government at the end of the concession

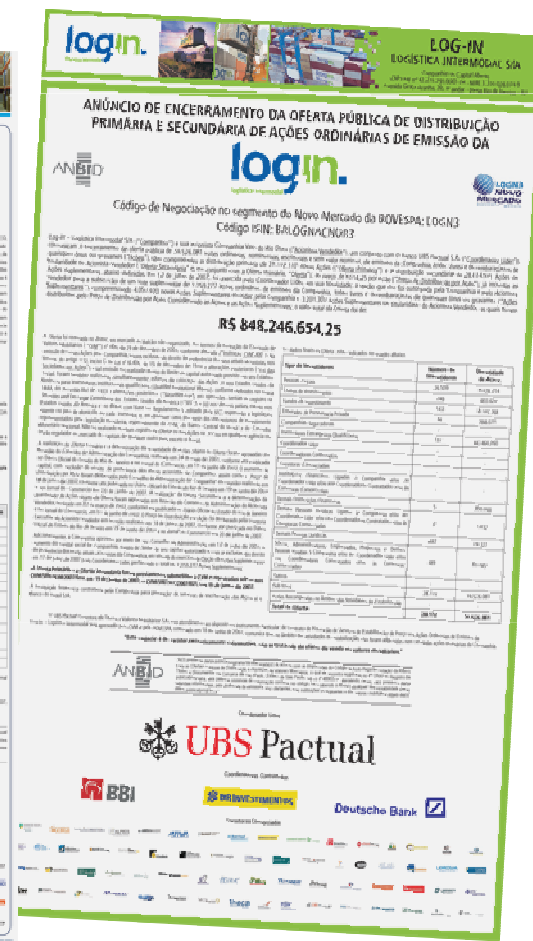


Improvements	1998	2007
Quay length (m)	3,313	7,049
Container yard (m ²)	940,141	2,538,966
Productivity (mph*)	22.70	40.00
Jobs	1,602	8,100
Cranes / forklifts	45	299

* Productivity refers to the handling of containers per hour per ship.

Source: ABRATEC

BOVESPA
A Bolsa do Brasil



Private operators' aggressive investment plans: US\$4 billion by 2015

Data regarding 14 public container terminals operated by ABRATEC's affiliates

Improvements	Accomplished		Planned
	1998	2007	2015
Quay length (m)	3,313	7,049	11,965
Container yard (m ²)	940,141	2,538,966	3,446,068
Productivity (mph)*	22.70	40.00	73.00
Jobs	1,602	8,100	11,457
Cranes / forklifts	45	299	558

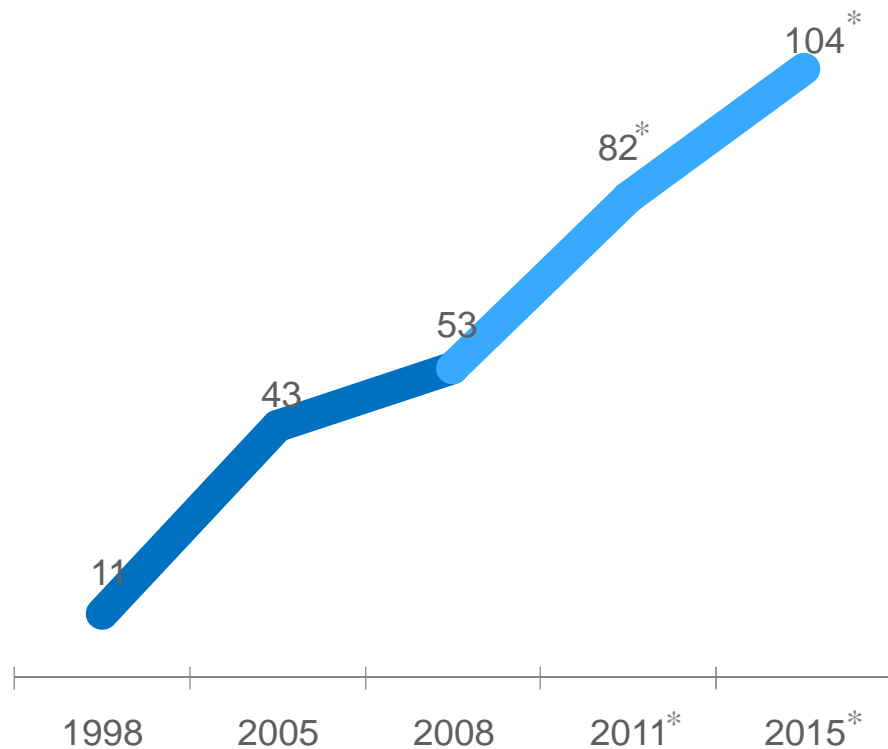
* Productivity (mph) refers to container moves per hour per ship.

Source: ABRATEC

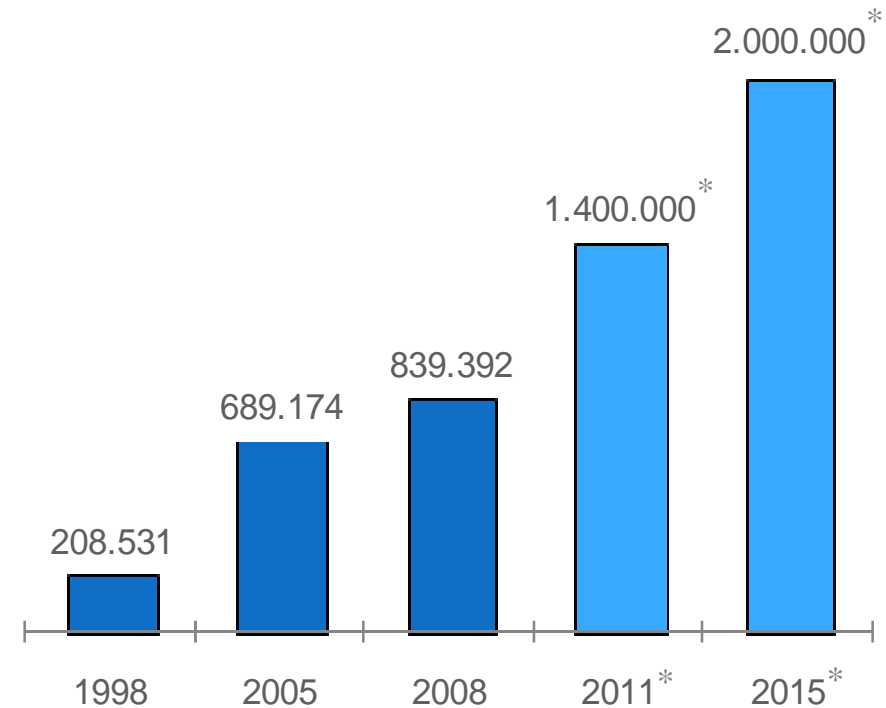
Investment increases productivity and capacity

Case TECON Santos Brasil

Productivity
(Moves per hour per vessel)



Capacity
(Terminal container throughput)



* Forecasted port productivity and container throughput capacity (TEUs)

Source: Santos Brasil



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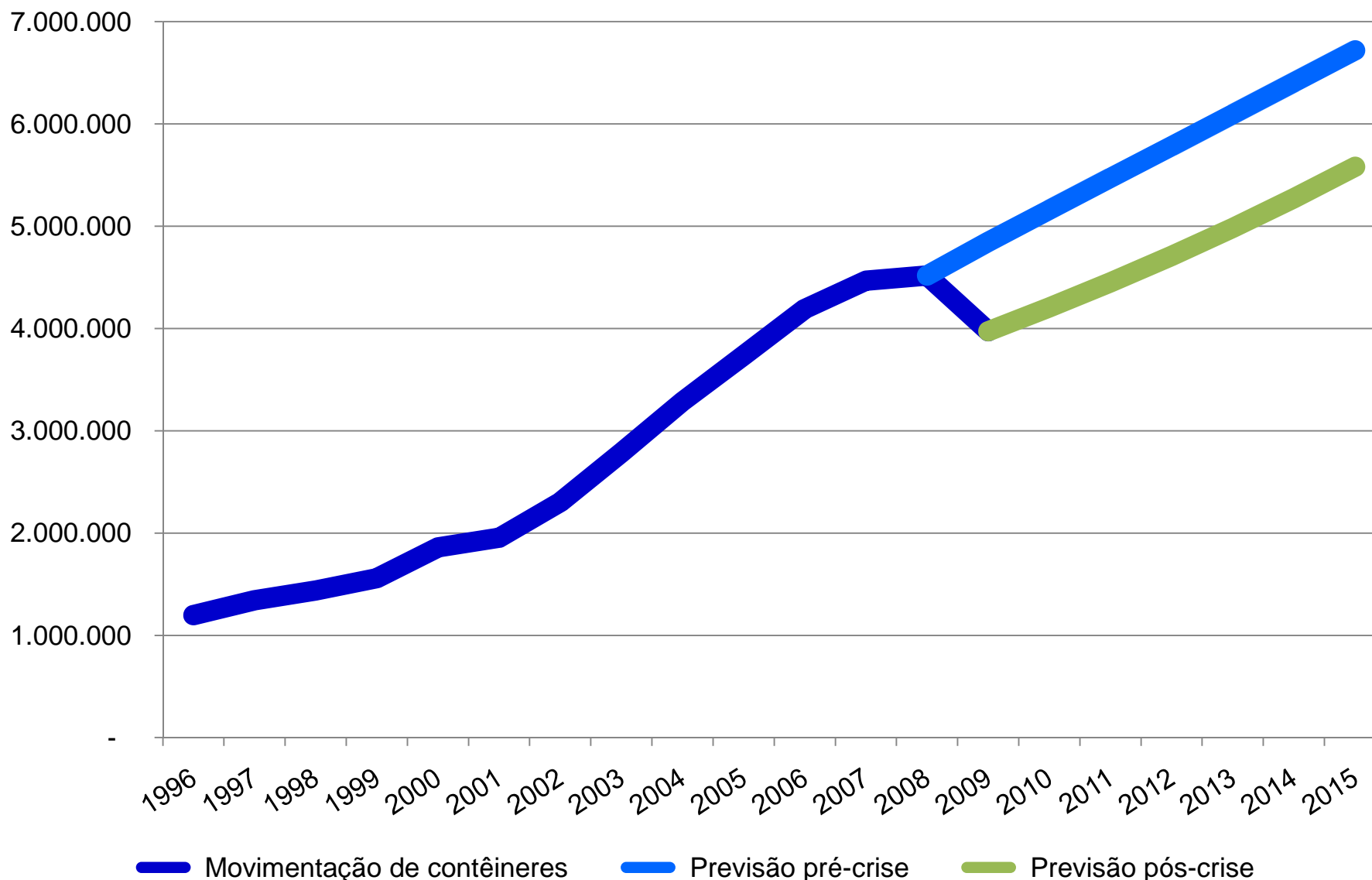
Appendix: Regulatory framework

Top 100 container ports



Capacity will rise; but what about the demand?

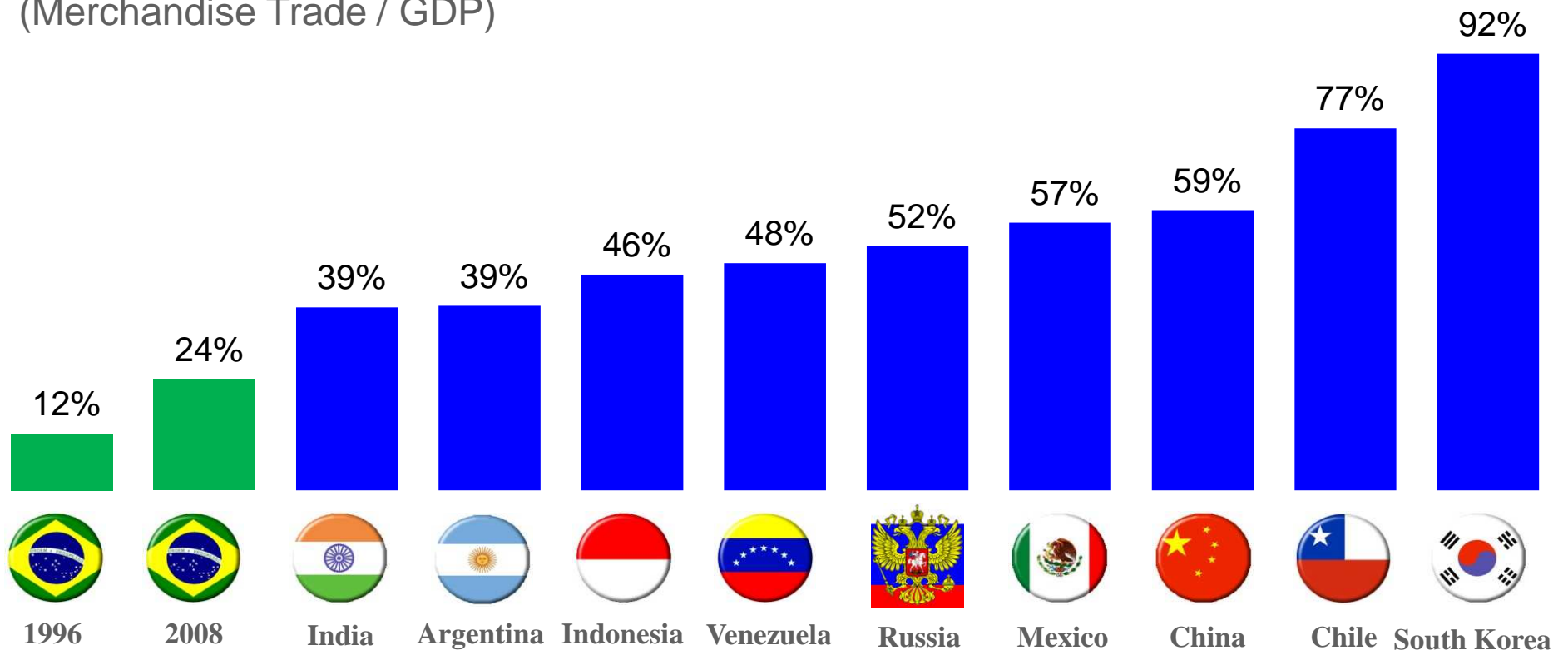
Data and projections of the 14 container terminals operated by ABRATEC's affiliates



There is upside potential for Brazil's foreign trade

... when compared to Latin American peers and BRICs

Economy Openness 1996 and 2008
(Merchandise Trade / GDP)



Source: World Bank

TECON Rio Grande: 850m quay, 656,358 TEUs in 2009

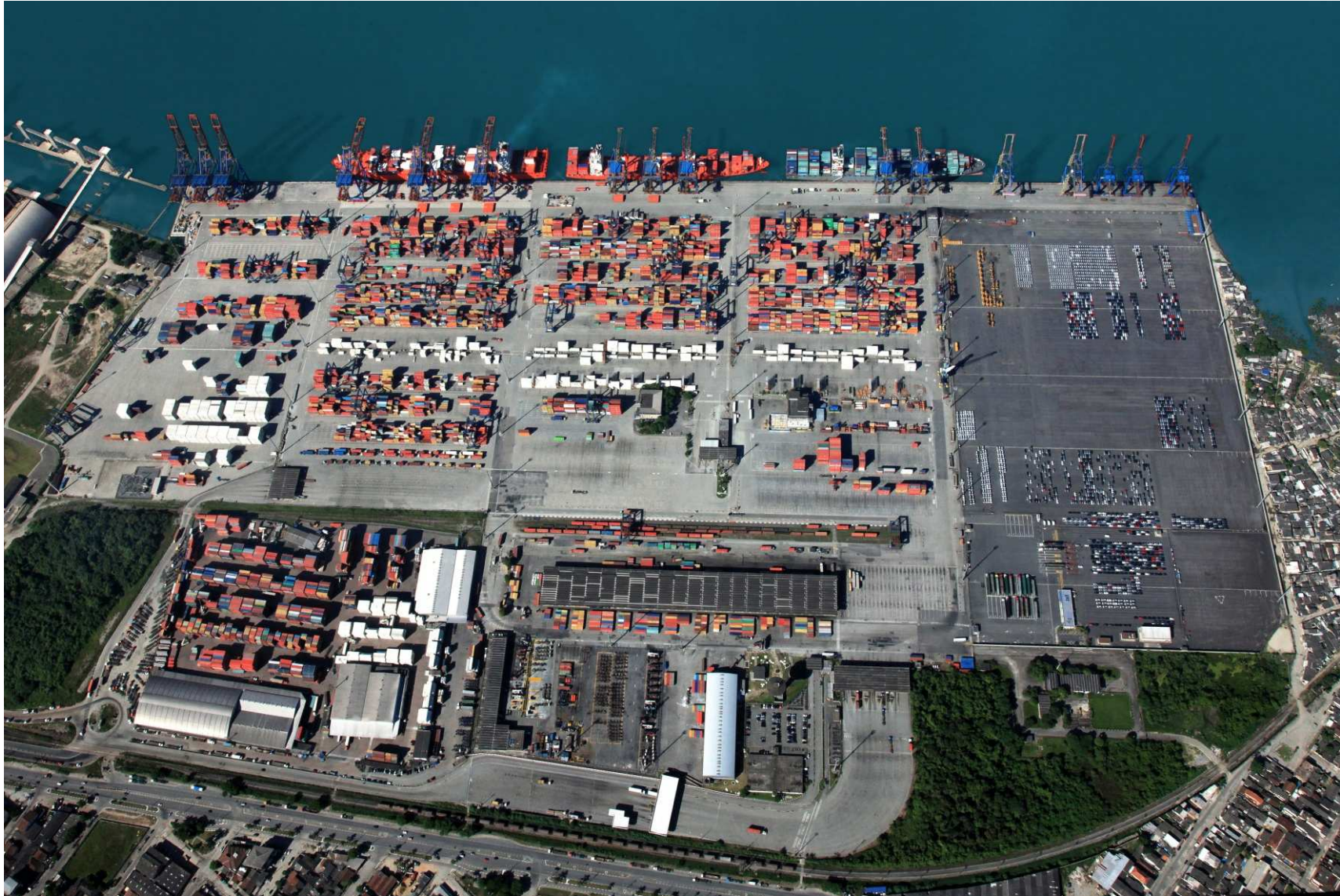
Current throughput capacity > 1,500,000 TEUs



Source: TECON Rio Grande

TECON Santos: 980m quay, 1,047,264 TEUs in 2009

Current throughput capacity > 2,000,000 TEUs



Source: Santos-Brasil

TECON I + II, MultiCar in RJ: 1,258m quay, 500,000 TEUs in 2010



After expansion, 2,250m quay, throughput capacity > 3,400,000 TEUs



TECON Sepetiba: 680m quay, 225,255 TEUs in 2009

After expansion, 810m quay, throughput capacity > 1,400,000 TEUs



Source: TECON Sepetiba



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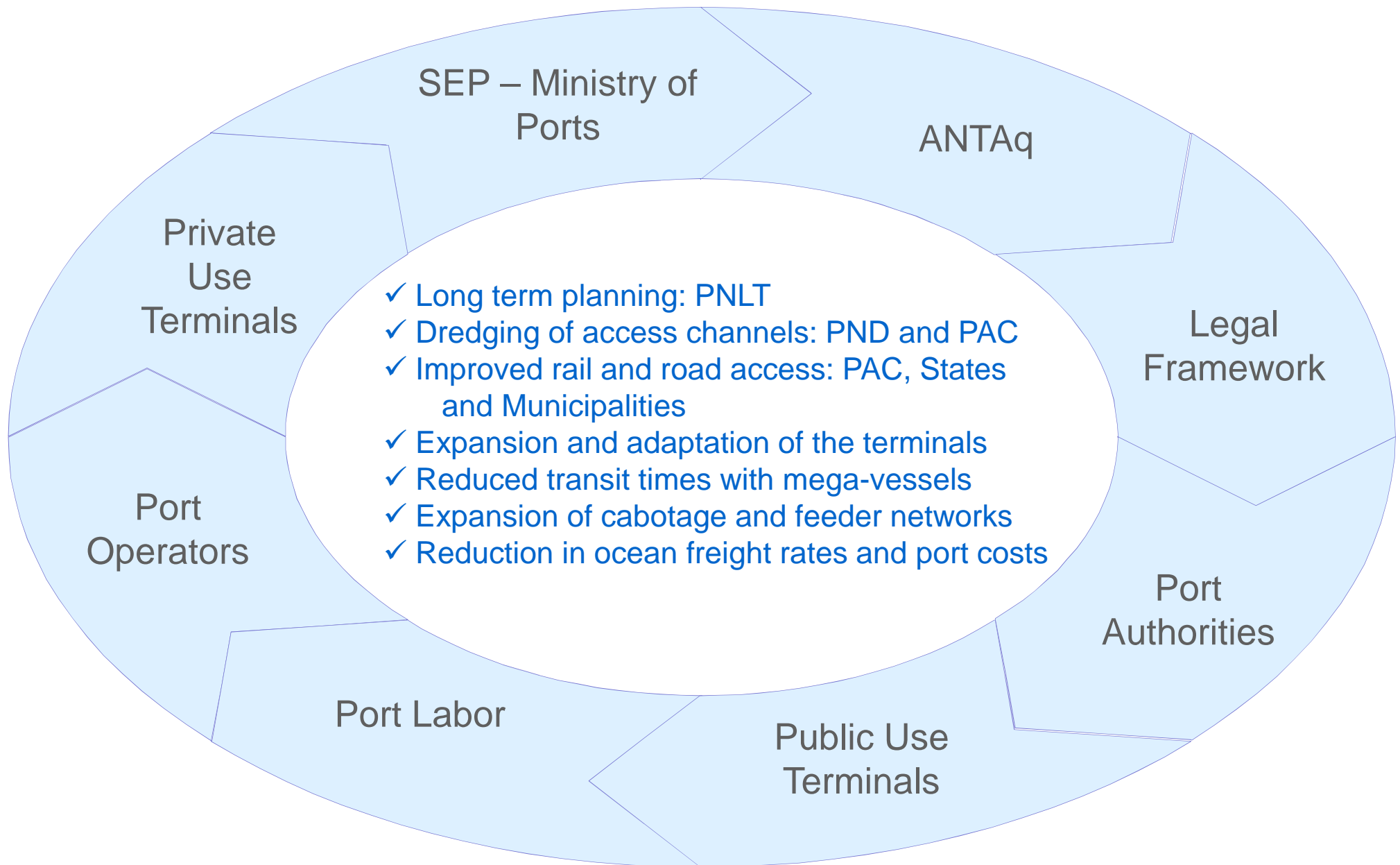
Appendix: Regulatory framework

EUROGATE Bremen: 5,000m quay, 5,500,709 TEUs in 2008



Source: Eurogate

Brazil's virtuous cycle: foreign trade & ports





Private operators expand Brazilian ports

Links for download

Link to ABRATEC's Infomercial: [HTTP://TINYURL.COM/FILME-ABRATEC](http://tinyurl.com/filme-abratec)

Link to this presentation: [HTTP://TINYURL.COM/Y2HJFL4](http://tinyurl.com/y2hjfl4)

[WWW.ABRATEC.ORG.BR](http://www.abratec.org.br)

[WWW.MULTITERMINAIS.COM.BR](http://www.multiterminais.com.br)

[WWW.SANTOSBRASIL.COM.BR](http://www.santosbrasil.com.br)



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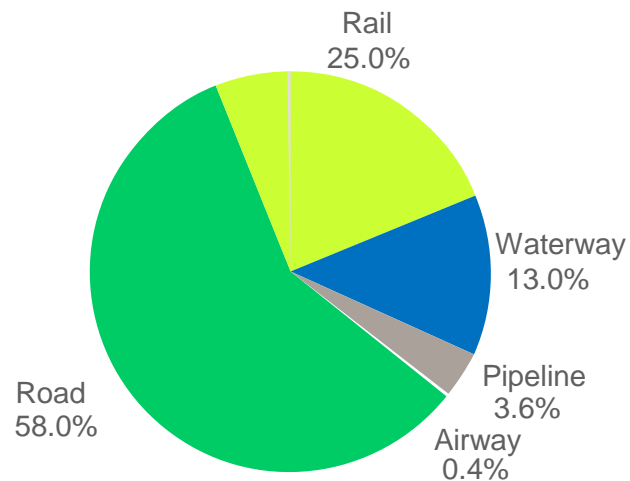
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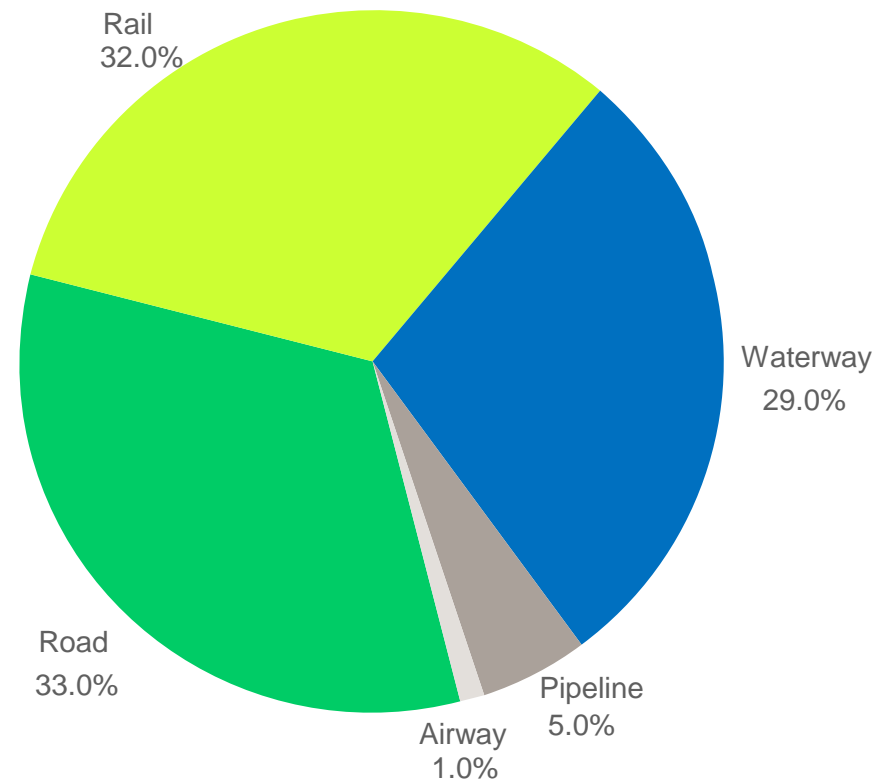
PNLT*: Federal Government prioritizes waterways

Investments integrated with the PAC* program 2007 - 2011

2007



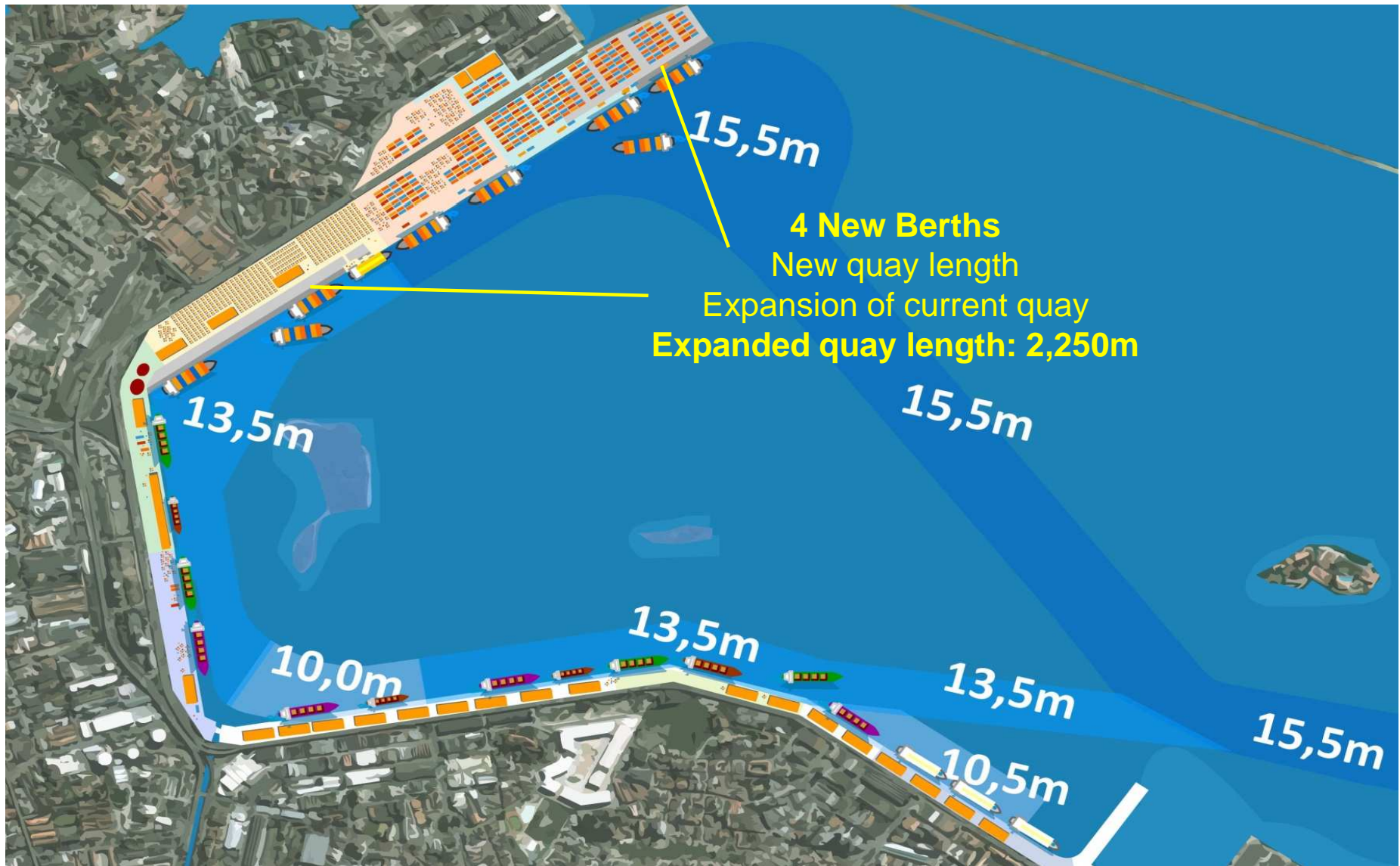
2025



Source: *PNLT – National Plan of Logistics and Transport, April 2007
*PAC – Growth Acceleration Plan, January 2007

SEP – PR* executes an ambitious dredging program

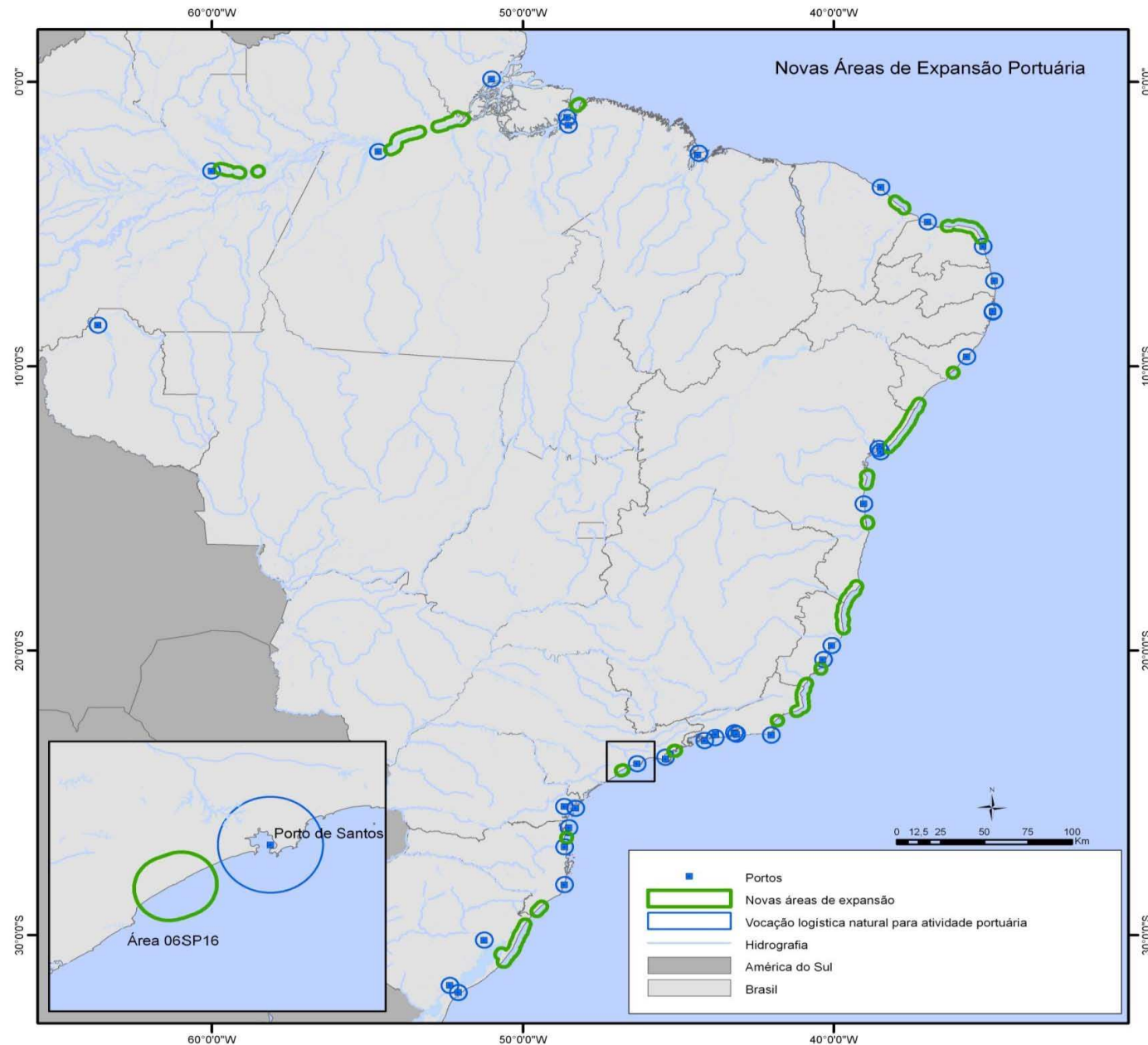
Implementation schedule for investments via PAC Program



Source: SEP – Secretaria de Portos

*Ports Secretariat of the Presidency of the Republic

PGO*: ANTAq's** new General Concession Plan



Source: ANTAq

*PGO – General Concession Plan (Plano Geral de Outorgas)

**ANTAq – National Waterway Transportation Agency (Agência Nacional de Transportes Aquaviários)

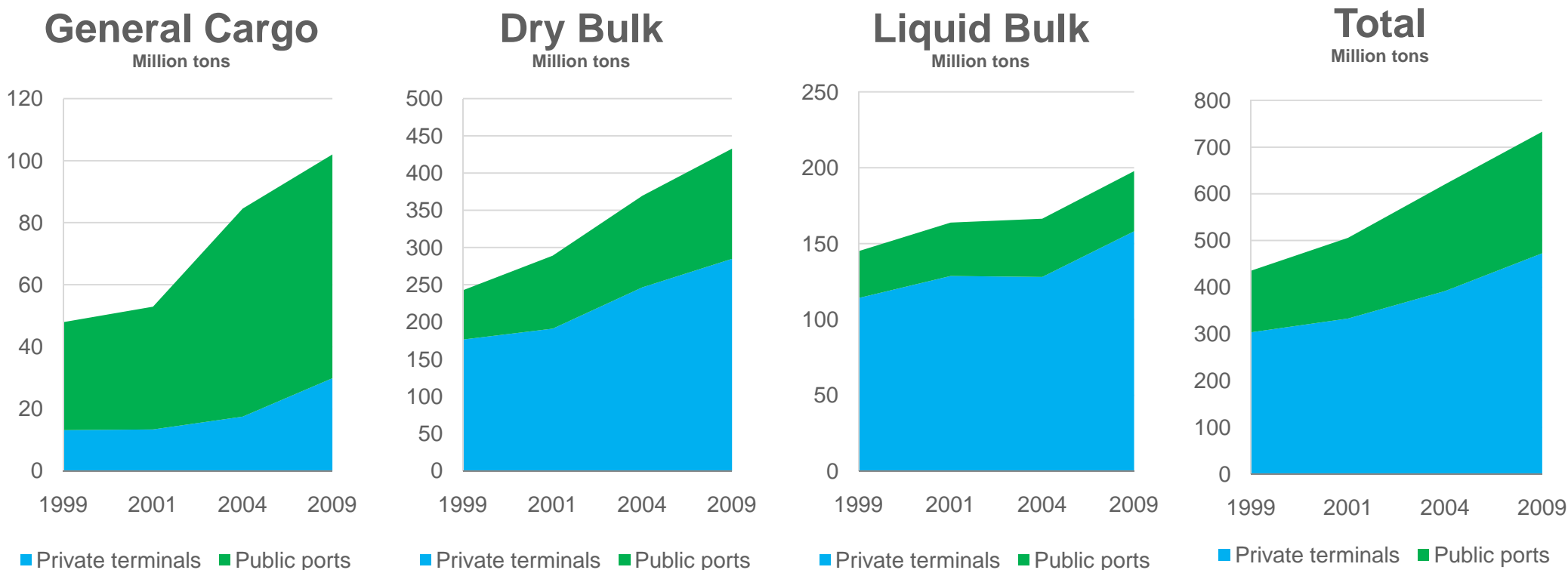
President Lula confirms regulatory framework...

and establishes rules for concession of new public ports

Brazilian Constitution 1988	<ul style="list-style-type: none"> • Port operation: by the Government –directly or through the grant of authorization, concession or permit –article 21 • Government has exclusive powers to regulate ports –article 22 • Mandatory tendering of public services –article 175
Port Modernization Law No. 8,630/1993 and Law 11.518/2007	<ul style="list-style-type: none"> • Law establishes two different types of port terminals: <ul style="list-style-type: none"> I – Public/Common Use II – Private Use <ul style="list-style-type: none"> – Exclusive, relating to the handling of own cargo – Mixed, relating to the handling of own cargo and third party cargo – Tourist, relating to passengers – Transshipment
Creation of ANTAq Law 10.233/2001	<ul style="list-style-type: none"> • National Waterway Transport Agency (Agência Nacional de Transportes Aquaviários -ANTAQ): in charge of regulating and supervising port activities of Waterway Transportation
Creation of SEP Law 11.518/2007	<ul style="list-style-type: none"> • Special Ministry of Ports (Secretaria Especial de Portos -SEP): empowered to set forth the policies and principles for the port sector
Presidential Decree 6.620/2008	<ul style="list-style-type: none"> • Reinforces current Brazilian Port Industry Regulation and establishes rules for granting concession rights for the exploration of new public port complexes (Portos Organizados)

Private operators boost Brazilian public ports

...whilst private terminals increase bulk cargo throughput



Cargo handled in Brazilian ports Million tons												
	General Cargo			Dry Bulk			Liquid Bulk			Total		
	1999	2009	%	1999	2009	%	1999	2009	%	1999	2009	%
Public ports	35	72	106%	66	148	124%	31	40	29%	132	260	97%
Private terminals	13	30	131%	176	285	62%	114	158	39%	304	473	56%
Total	48	102	113%	242	433	78%	145	198	34%	436	733	76%

Source: ANTAq and Ministério dos Transportes

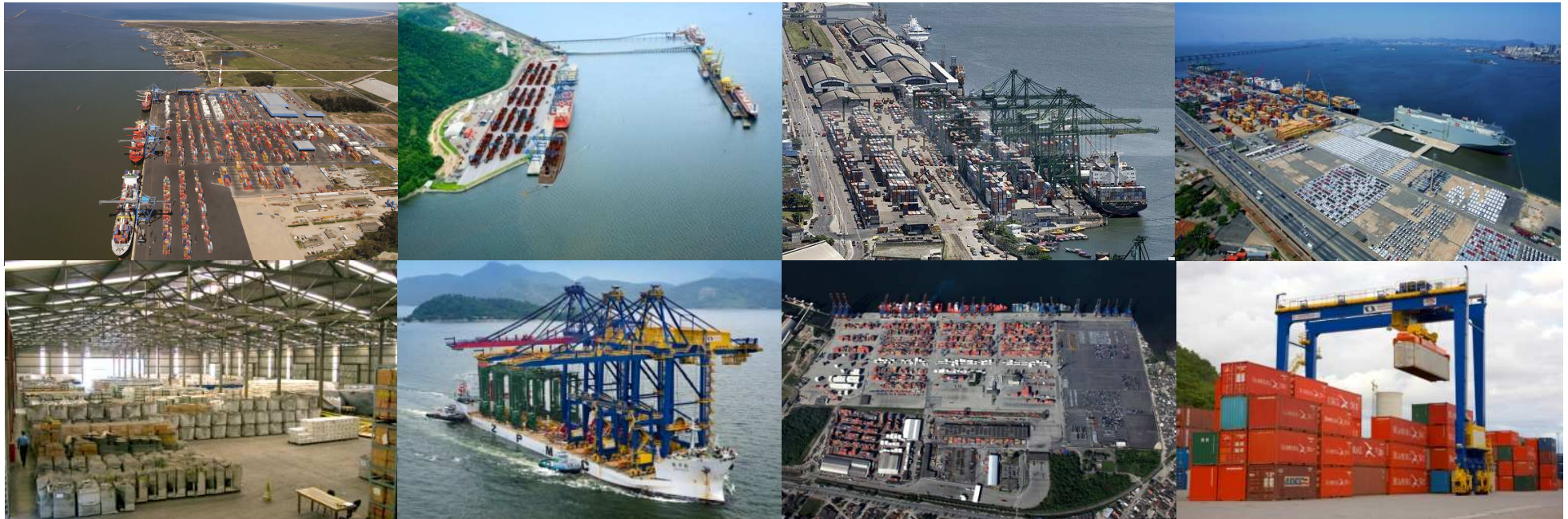
Brazil's port modernization: successful and unique

Concession of public ports' operations to private enterprise and creation of mixed-use private terminals

	Public ports	Private terminals
Implementation	<ul style="list-style-type: none"> • Mandatory public bidding process 	<ul style="list-style-type: none"> • Authorization granted by the Government (no need for public bidding process)
Term	<ul style="list-style-type: none"> • Up to 50 years (including renewal) • Required to provide uninterrupted service 	<ul style="list-style-type: none"> • Undetermined term for the specific economic activity • Possibility of interruption of service
Assets	<ul style="list-style-type: none"> • Return of the assets (reversão de bens) at the expiry of the concession agreement 	<ul style="list-style-type: none"> • No return of assets (reversão de bens)
Services	<ul style="list-style-type: none"> • Public service • Available to any and all users • Price supervision 	<ul style="list-style-type: none"> • Private service • For exclusive use (own cargo) or • For mixed use (own cargo complemented by third party cargo) • Free to choose users • Free to set prices
Labor	<ul style="list-style-type: none"> • Restricted to specific regulation (OGMO) 	<ul style="list-style-type: none"> • Employed according to national labor laws
Regulation	<ul style="list-style-type: none"> • Res. 55/2002 – Regulates the lease of the areas and of its facilities and unifies the terms and conditions applicable to the lease agreements 	<ul style="list-style-type: none"> • Res. 1,660/2010 – Regulates the operation of the private use terminals; applicants must demonstrate predominance of own cargo, and third party cargo must be of the same type of own cargo



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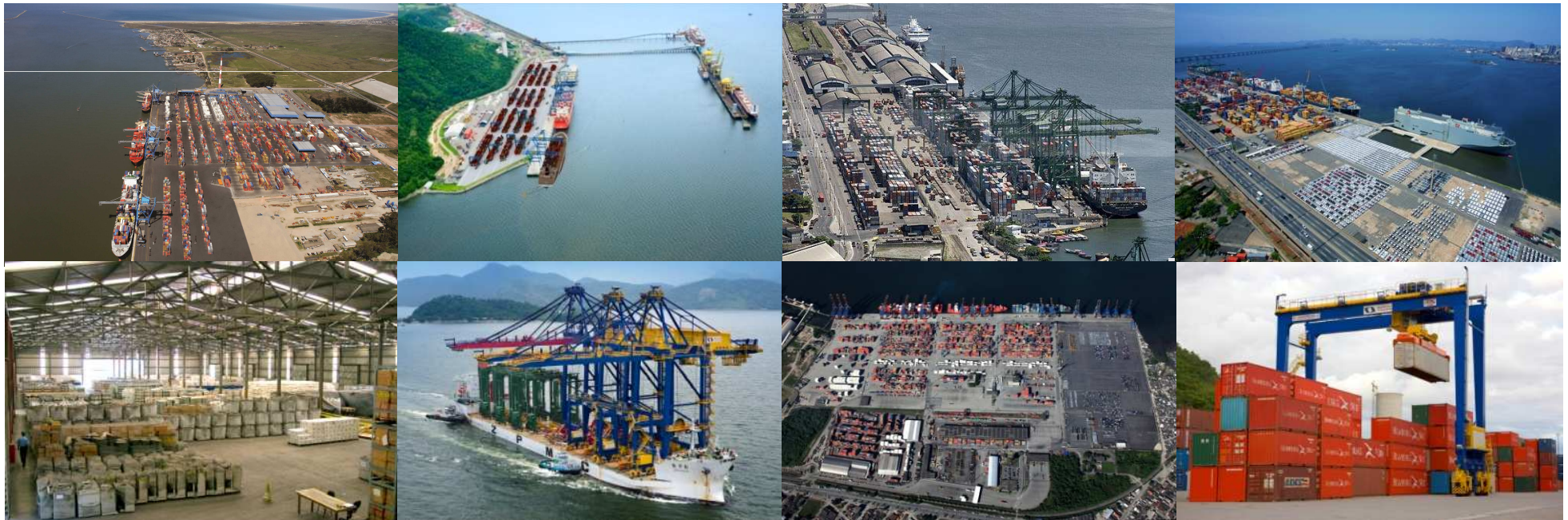
Thank You !

Richard Klien

Chairman of the Board of Multiterminais and Santos Brasil
Board Member of ABRATEC
President of LATINPORTS



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